

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

245
QUESTIONS AND ANSWERS
ON THE WORLD FOOD SITUATION //

U. S. DEPT. OF AGRICULTURE
NATIONAL AGRICULTURAL LIBRARY

SEP 11 1975

DEMORING - PREP.

Foreign Agricultural Service

November, 1974

32458

1614597

What is the world grain situation?

World food production in 1974 will not match last year's record. World grain stocks, pushed downward by 1972 crop failures, are shrinking again this year. USDA estimates ending 1974/75 world stocks of wheat and feedgrains at about 87 million metric tons compared with 150 million tons 3 years ago. This is a severe disappointment following early-season hopes for a large expansion in world output and a rebuilding of stocks. Certain regions, moreover, are experiencing acute food shortages and suffering. The situation in the African Sahel results from a 5-year drought. Emergency situations in India and Bangladesh are of more recent origin, stemming from the lateness and irregularity of monsoon rains this year. These areas are receiving outside aid, including agricultural commodities from the United States.

What accounts for the current world food decline after the promise of the Green Revolution?

As the 1970's began, world production had been on a generally upward trend for two decades. In 20 years, production had increased by about two-fifths, and production per capita had gone up by one-fifth. In 1972, however, poor growing weather affected crops in the Soviet Union, Africa, Australia, and the People's Republic of China, certain other Asian countries, and parts of Latin America. The protein supply was further affected by fishing failures off Peru. The result was that total food production declined in 1972 despite record crops harvested in the United States. In 1973, world food production moved upward once again, based in part on U.S. grain and soybean crops that were again at record levels. In 1974, however, the United States experienced its worst growing season in a generation. Late planting, the worst summer drought since 1936, and early frost and freezing in the Midwest affected U.S. crops. Canada and southern Asia also experienced unfavorable production years. The United States wheat crop was a record at 4 percent above 1973, but below early expectations. Based on the Oct. 1 estimate, the U.S. corn crop is 16 percent below last year's record, and soybean output is 19 percent below last year's record output.

Can the world feed its expanding population?

The question of population growth is, of course, a companion issue -- one addressed by over a hundred nations at a World Population Conference in Bucharest, Romania, August 19-30, 1974. For that Conference, the UN's population division drew up a new series of estimates for world population growth in this century. The division's median estimate calls for world population to grow from 3.6 billion in 1974 to 6.5 billion in the year 2000. The estimate is less radical than some earlier estimates; nevertheless, it would mean a growth of 80 percent in 26 years.

There is much uncertainty about the current food outlook in the world. Although 1974 is a disappointing year, it is probably not disastrous. In the longer term, the Department of Agriculture envisions adequate food to supply the world's population through this century. Beyond 2000, questions of population, energy, and environment cloud the picture. These are issues that will need serious attention long before the turn of the century, and it is hoped that the round of conferences sponsored by the United Nations this year will further cooperation among nations that are increasingly interdependent.

Why has P.L. 480 funding been reduced in the past few years?

U.S. food aid should be looked at in a historic context. In the 20 years since P.L. 480 was enacted the United States has provided over \$25 billion in food aid under that program. This is in addition to the Marshall Plan following World War II, the Point Four program, the various A.I.D. programs, and assistance from universities and private foundations. The voluntary agencies have had an important role -- on their own and with commodities provided under P.L. 480. All in all-- this is a record of humanitarianism unmatched in the history of any nation. The record of food aid assistance from developed countries to the developing world in the period 1965 to 1972, for example, shows the United States providing 84 percent of the food aid.

In the last half dozen years, the budget level of P.L. 480 has been reduced to about \$1 billion annually (from \$1.2 billion to \$1.6 billion in the preceding decade) for a variety of reasons. The Green Revolution which introduced high yield varieties of wheat and rice reduced the demand on food aid from some nations. Other producers were experiencing surpluses, and developed concessional programs similar to our own: Japan began a program to Korea and Canada started concessional sales in Latin America. Also Congressional legislation was passed which prevented P.L. 480 concessional sales programming in Communist and some Arab nations.

- What is the status of P.L. 480 (Food for Peace) for the current year (July-June)?

• In recent years, P.L. 480 has changed in light of the world commodity situation and changing world needs. Emphasis has switched from agricultural market and economic development to supporting humanitarian and foreign policy objectives. But P.L. 480 still moves far more food than all other foreign aid programs in the world combined.

For the past 6 years, annual P.L. 480 expenditures for commodity shipments have been at about the \$1 billion level. Recently, increases in commodity prices have resulted in lower volumes being shipped.

- In fiscal 1974 (July 1, 1973-June 31, 1974), P.L. 480 commodity expenditures totaled \$863 million. Major commodities shipped were rice, wheat and wheat flour, feedgrains and vegetable oil. The leading recipients under the concessional sales program (Title I) were South Vietnam, Cambodia, and Pakistan. India was the largest recipient under the donations program (Title II). The six Sahel countries of West Africa were also major recipients.

For fiscal year 1975, which began last July 1, the U.S. budget presentation projects expenditures for P.L. 480 commodities at \$891 million. President Ford, speaking before the U.N. General Assembly on September 19, stated that the United States would increase food aid spending in fiscal 1975. The volume of wheat and rice shipments is expected to rise over last year's level, while feedgrain and vegetable oil shipments will decline due to limited commodity availabilities.

Some Americans have called for massive increases in P.L. 480 -- increases of \$500 million to \$1 billion or more. Why hasn't this been done?

Beginning in the last two fiscal years we are in a changed situation. Commodities are higher priced and in shorter supply, and any massive increase in food purchases for aid must be viewed against need and against the effects on consumers in the United States during a period of serious inflation.

The fact is that much of current food demand in the world is the result of improved incomes and higher living standards in nations that are well able to pay for their imports. To be sure, there are serious food shortages in certain areas. The U.S. is doing a great deal to alleviate suffering in those areas, as much as any country in the world. A great deal of progress has been made in meeting those emergency needs.

The program for assisted sales continues to undergo changes which reflect our concern for peace and development. Last year, when the situation in Indochina prevented food shipments from the rural areas to the cities, the U.S. responded with a high level of P.L. 480 activity. This year, the situation is stabilizing, and those destinations will be less prominent. Also, new programming is now under way with Egypt.

What is happening in the Sahel and what is the U.S. role?

Countries along the southern edge of the Sahara are suffering the effects of five continuous years in which rainfall has been less than normal. The countries most affected are Chad, Niger, Upper Volta, Mali, Senegal, and Mauritania. These six countries cover more than 2 million square miles -- more than half the area of the United States -- but contain fewer than 25 million people.

The United States made direct donations of over a half million tons of grain to these countries in FY 1973 and FY 1974. The U.S. is continuing its assistance this year, and announced in July an additional donation of 100,000 tons of grain which is now moving to the Sahel. This country also has contributed \$3.3 million to the United Nations Sahelian Trust Fund through the Food and Agriculture Organization (UN) for assuring the delivery of food in drought relief programs. The United States has donated \$29 million for a variety of aid supplies other than food, including medicine, vitamins, tools and equipment. And the U.S. has supplied aircraft to assist in the delivery of emergency supplies to less accessible areas of the Sahel.

The Sahel is now undergoing a more normal rainy season, and there is some improvement as a result. Barren areas have turned green again, giving new hope to the area. Temporarily at least, pasture conditions have improved simply because drought losses of livestock have resulted in more grass available per animal. In the longer term, however, some traditional farming methods -- such as overgrazing with expanding herds instead of upgrading quality -- need to be changed in order to reduce man-made hazards to the sparse environment. The U.S., in concert with other donors, has been providing this kind of technical assistance, and will continue to do so.

What has caused the decline in the food situations of India and Bangladesh?

Monsoon rains were late and irregular in southern Asia this year, producing drought and then floods in India and Bangladesh. In India, the rains faltered again in late August and September. In both nations, rice was damaged by floods, and fall-harvested and fall-planted crops were affected by drought. Both countries require food aid.

How is the U.S. assisting Bangladesh?

Since its beginning as a nation, Bangladesh has received special emphasis in U.S. aid programs. In 1974, when Bangladesh was recovering from civil war and from natural disaster, the United States made substantial food donations through Title II to Bangladesh. Subsequently, Bangladesh asked for assistance under the long-term credit program (Title I of P.L. 480), with the currencies earned being applied to food and agricultural development projects. For the current fiscal year, the U.S. has just announced (Oct. 4) a new Title I agreement covering \$17.1 million worth of U.S. wheat/wheat flour (about 100,000 metric tons) and \$17.5 million worth of U.S. rice (about 50,000 metric tons).

It is expected that other such concessional sales will be announced later this year. This U.S. aid is all part of a special effort involving other donor nations and giving special attention to the needs of Bangladesh. The donor nations, working on a multilateral basis, have pledged assistance programs to Bangladesh to meet their food and development needs. The United States assistance to Bangladesh, since independence, amount to about 35 percent of the total assistance supplied.

What is the food situation in India?

It is particularly difficult to deal with hunger in India because of a large population (600 million) and logistics problems created by great distances and inadequate storage and transportation. India's food situation was substantially improved in the 1960's by the introduction of new rice and wheat varieties, a development which helped India over a poor growing season in 1972. Following a good year in 1973, India has experienced irregular and inadequate monsoon rainfall in 1974. Food shortages are reported to be increasingly severe in Bihar, Uttar Pradesh, Haryana, and Rajasthan.

The United States has been the leading provider of economic development aid to India ever since that country's independence in 1947. India has received over \$10 billion in U.S. economic aid. Last fiscal year alone, the United States donated under Title II \$67.1 million worth of P. L. 480 commodities to India -- easily double the amount sent to any other nation. During the current fiscal year, these Title II donation shipments are continuing.

We are in the process of consulting with the Government of India on its food requirements and how we might assist them within the current commodity and price constraints on our food aid assistance programs.

Can the food needs of developing countries be met by massive infusions of food aid?

Food aid is no substitute for increased production by the needy countries.

Trade and aid together account for only one-tenth of the food consumed in the world. Ninety percent of all food produced is consumed in the country of origin, with the remaining 10 percent consisting primarily of transfers from one developed country to another.

Trade between the developing and developed countries is based on concessional exports and primary commodity imports; this accounts for only a small percentage of total world trade.

Since the bulk of food supplies in developing countries are indigenously produced and consumed, the most realistic opportunity for expanding food availability is to expand production within the countries that most need it. While trade and aid will continue to play an important role in meeting critical food needs, the greatest opportunity lies in expanding food production in developing countries (1) for export to other developing countries, (2) for satisfying domestic food needs, and (3) for supplementing food imports with subsistence level of domestic supplies.

What opportunity is there for the world to expand production?

The Green Revolution has demonstrated the vast improvements possible in yields per acre. Furthermore, the world is not farming even half the cropland that could be made available. About 3.4 billion acres are being cultivated out of a possible 7.8 billion. This estimated total includes only land getting enough rainfall so a crop could be made, and only land within 50 miles of a possible means of transportation. (Admittedly, this land is less productive than land now in use.)

Much extra land is thus available if needed for crops. However, the greatest opportunity lies in new technology rather than in the addition of sheer land volume. The developing countries recognize that fact. Many of them have the needed physical resources, and they are looking to developed countries for technical and financial help. The United States is providing assistance from government, foundations, and other groups that are helping with research, extension, credit and the rest. Most of the opportunity lies with the poor countries themselves, and they are making progress.

In the past decade, Asia and North Africa have seeded improved wheat and rice varieties over an area equivalent to all of Iowa and Illinois combined. Allocations for agriculture are building up; investments in agriculture are growing. Less developed countries are building a trained corps of agriculturists, many of them studying or having studied in the United States and other developed countries. Much more needs to be done.

Isn't the U.S. already producing at full capacity?

The set-aside has now been reduced to zero in line with a full-production policy for American agriculture. For 1973, the set-aside was sharply reduced, and for 1974 and 1975 there is no set-aside on either grains or cotton.

Even with an unfavorable planting season this year, farmers put in an acreage some 35 million above 2 years ago. With the price incentives now present in the market, it is expected that additional land will be returned to production in 1975.

In the longer term, U.S agriculture has the potential for substantial production increases, based on gains in both acres planted and in average yields. The Economic Research Service has projected that, with good prices and normal conditions, the potential exists to achieve a 50 percent increase in feedgrain production by 1985, a one-third increase in soybeans, a doubling of rice output, and two-fifths in wheat output over the 1973 level. The estimates are based on economic potential, and are short of the maximum that could be achieved through an all-out expansion effort.

It has been suggested that Americans can help the world by eating one less hamburger. What about this?

This can be viewed in two ways:

Short-term. A pound of hamburger not eaten in the United States would not help anyone in Bangladesh or India. Either it would be wasted, or the animal producing it would be held back from slaughter (where it would continue to eat). This would, of course, inflict further punishment on U.S. beef producers, who are already in a serious situation. A better suggestion might be for each American to give the price of a hamburger -- or a TV dinner -- to a charitable organization engaged in transferring food from areas that have to areas that lack.

Longer-term. The availability of feedgrains has not historically been a limiting factor in how much of those grains is consumed directly by humans. In recent years, domestic food and industrial use of corn has run below 10 percent of the U.S. crop. (Most corn exports also are fed to animals.) Obviously, if U.S. producers had to wait around for their corn to move into human stomachs, most of them would be out of business. All feedgrain producers can remember years in which they overproduced their markets -- and relatively little of this surplus grain moved into direct human feeding. Therefore, any artificial reduction in animal production would simply reduce the farmer's incentive to produce grain.

What can be done to increase production in developing countries?

Secretary of Agriculture Earl L. Butz has pointed to inadequate research in developing countries, insufficient farmer incentive in many nations, a shortage of fertilizers in relation to demand, a scarcity and high cost of fuel, and inadequate storage and distribution methods in much of the world. If the world is to feed the additional people it expects by the end of the century, he says, "we must address ourselves to doing something about all these shortfalls. This will require changes in education, changes in economic policies, and changes in research. It will require better dissemination of knowledge and farming techniques. It will require more capital expenditures in food production, more available credit to farmers in lesser developed countries, and most of all, better incentives for the world's farmers."

Dr. Don Paarlberg, USDA Director of Economics, told a Congressional Committee in July that the worldwide potential for growing more food is impressive. "The Green Revolution has demonstrated the vast improvements possible in yields per acre. Furthermore, the world is not yet farming even half the cropland that could be made available."

What is the United States doing to share its agricultural technology
with developing countries?

Agricultural assistance is an essential element in increasing productivity in developing nations. Although the lower income nations, excluding the People's Republic of China, contain close to one-half of the world's agricultural lands, they have only 17 percent of the world's agricultural scientists and spend only 11 percent of the money devoted to agricultural research. U.S. programs are designed to match American agricultural expertise and funds for research against this gap.

Each year more than 400 U.S. agricultural scientists on loan from the U.S. Government are at work on development projects overseas. These extend from major research centers, such as the International Maize and Wheat Improvement Center in Mexico and the International Rice Research Institute in the Philippines, to specific projects aimed at reducing the impact of disease on crops and livestock to increasing productivity through soil conservation and irrigation projects.

The United States also provides funds for the training of agricultural scientists from other nations. Last year more than 1,200 scientists were brought to the United States for study programs. In addition, the U.S. Government sponsors training programs in participants' home countries, thus capitalizing on home resources and working on practical problems participants face in their own work.

A major factor in increasing U.S. productivity has been the growth of institutions serving the rural population -- credit institutions, co-ops, and joint management approaches. The agricultural extension service has been especially noteworthy in increasing the farmer's awareness of new techniques and better seed varieties. Today many of these institutions are being adapted to developing country needs, using U.S. Government specialists on the scene with local agricultural leaders.

Is fertilizer a limiting factor on world food production?

In the near term, shortages of fertilizer may slow growth in agricultural production. But available data indicate that among the developing countries only Bangladesh suffered a small decline in fertilizer consumption in 1973-74, while a few developed countries had marginal declines. For the world, fertilizer consumption rose roughly at the rate that it has in recent years. Thus, reduced fertilizer consumption cannot have been the direct cause of food production problems in many countries. However, due to high grain prices, fertilizer demand exceeds supplies and expected consumption in many countries. Farmers cannot find as much fertilizer as they want and prices are therefore rising.

A review of the situation indicates that current tight supplies are not due to a lack of raw materials but rather to a lack of investment. This is being remedied. For example, if present world capacity for nitrogen production remained static, we could expect an annual deficit of several million tons by 1980. But increasing prices for fertilizer have brought new investment into the industry. Recent announcements of new nitrogen fertilizer plants -- 30 in the Western Hemisphere alone -- could add up to 10 million tons to world capacity. As these plants come into production, there may be a surplus of nitrogen over annual needs by the late 1970's. Prospects are similar for phosphate production. Based largely on new capacity, a surplus of phosphate is projected later in this decade, and a very modest surplus over needs by 1980.

What is the international food policy of the U.S. ?

*The United States is eager to help increase production in developing nations, and is asking Congressional approval for an expanded budget for technical assistance programs.

*The United States supports an improved information system, to provide both exporting and importing nations with data on production and demand. Crop prospects, demand estimates, import needs, and stock information are all important to improved food security in the world.

*The United States also has endorsed creation of an internationally coordinated, nationally held system of food reserves, to be built up as soon as supply conditions permit. The United States would expect each country to develop its own national stock policies within the international framework.

*The United States is committed to continued aid programs to meet emergencies and assist needy nations. It favors a broadening of this responsibility to include greater participation by other developed nations and an increased use of multilateral organizations.

*The United States continues to maintain that trade liberalization is beneficial to both exporting and importing nations.